

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

SIL-01 LAB-04 COME-00 SAJ-01 SAM-01 OMB-01 TRSE-00

/074 W

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R 051238Z JAN 76

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 4118

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E.O. 11652: N/A

TAGS: PINT, SP, ELAB

SUBJECT: CALL ON UNDERSECRETARY OF LABOR

1. DURING JANUARY 2 COURTESY CALL BY THE CHARGE AND THE LABOR ATTACHE ON NEW UNDERSECRETARY OF LABOR, ANTONIO CHOZAS BERMUDEZ, A CLOSE ASSOCIATE OF NEW LABOR MINISTER JOSE SOLIS RUIZ WHO RECENTLY SERVED UNDER SOLIS AS VICE SECRETARY GENERAL OF THE NATIONAL MOVEMENT AND WHO PREVIOUSLY SPENT HIS ENTIRE CAREER ALTERNATING BETWEEN THE LABOR MINISTRY AND THE GOVERNMENT-CONTROLLED SPANISH SYNDICAL ORGANIZATION (SSO), CHOZAS COMMENTED ON VARIOUS SUBJECTS OF INTEREST.

2. RE GOVERNMENT'S ECONOMIC AUSTERITY PROGRAM ANNOUNCED IN "CORTES" BY FINANCE MINISTER VILLAR MIR ON DECEMBER 29, CHOZAS REGRETFULLY ACKNOWLEDGED THAT THE FINANCE MINISTER WAS RIGHT WHEN HE HAD STATED THAT EXCESSIVE WAGE AND SALARY INCREASES IN THE RECENT PAST WERE A FUNDAMENTAL REASON FOR THE CURRENT INFLATION AND DIFFICULT ECONOMIC SITUATION, AND THAT THIS HAD LED TO THE NECESSITY OF NOW LIMITING WAGE INCREASES TO THE INCREASES IN THE COST OF LIVING. HE ADDED, HOWEVER, THAT HE PERSONALLY FELT THAT THE FINANCE MINISTER HAD NEGLECTED TO BALANCE HIS SPEECH BY ADDRESSING THE OTHER SIDE OF THE COIN, WHICH CHOZAS FELT WAS THE EQUALLY URGENT ISSUE OF TAX REFORM. HE SAID THAT STUDIES OF TAX REFORM HAD PREVIOUSLY LIMITED OFFICIAL USE

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BEEN MADE DURING MONREAL LUQUE'S 1969-73 TENURE AS FINANCE

MINISTER, BUT HAD NEVER GOTTEN ANYWHERE. HE BELIEVES THAT PROFOUND REFORM IS URGENTLY NEEDED BOTH OF THE TAX COLLECTION SYSTEM AS WELL AS IN MODIFYING THE REGRESSIVE TAX STRUCTURE. HE POINTED OUT THAT AT THE PRESENT TIME INDIRECT TAXES ACCOUNT FOR 65 PERCENT OF THE SPANISH GOVERNMENT'S REVENUE, AND HE FELT STRONGLY THAT THE PERCENTAGE OF THE GOVERNMENT'S REVENUE FROM DIRECT TAXATION SHOULD BE SUBSTANTIALLY INCREASED. THE WHOLE QUESTION OF TAX FRAUD AND TAX EVASION IN SPAIN SHOULD ALSO URGENTLY BE ADDRESSED.

3. WHEN ASKED ABOUT THE QUESTION OF SYNDICAL REFORM, CHOZAS REPLIED THAT IN THE LABOR MINISTRY THEY WERE NOT INVOLVED AS YET IN ANY PLANS FOR SYNDICAL REFORM. CHOZAS APPEARED TO FEEL, HOWEVER, THAT MINISTER OF SYNDICAL RELATIONS MARTIN VILLA WOULD PURSUE SYNDICAL REFORM. CHOZAS SAID THAT, BASED ON HIS OWN EXPERIENCE IN THE 1960'S WHEN HE HIMSELF HELD HIGH OFFICE IN THE SSO, IT WAS AT LEAST ESSENTIAL TO SEPARATE THE EMPLOYER FROM THE WORKER SECTIONS OF THE SSO AND TO TAKE MEASURES TO MAKE THE SSO WORKER LEADERS GENUINELY REPRESENTATIVE. ALTHOUGH HE ALSO FAVORED A GREATER SEPARATION OF THE SSO FROM THE GOVERNMENT, HE SAID REPRESENTATIVES FROM THE SSO SHOULD STILL PARTICIPATE IN POLITICAL OR GOVERNMENT DECISION-MAKING BODIES SUCH AS THE "CORTES" AND OTHER ENTITIES.

4. CHOZAS, WHO HAS USUALLY PARTICIPATED ON SPANISH ILO DELEGATIONS, FELT THAT THE HOSTILE CLIMATE WHICH HAS OFTEN PREVAILED AGAINST SPANISH ILO REPRESENTATIVES IN THE PAST WOULD PROBABLY DISAPPEAR UNDER THE NEW SITUATION IN SPAIN. HE SAID THAT, IN FACT, DURING THE PAST YEAR THE SPANISH REPRESENTATIVES HAD ALREADY WITNESSED MORE RESTRAINT BY THEIR TRADITIONAL WESTERN EUROPEAN CRITICS AT THE ILO, WHICH RESTRAINT APPEARED TO BE PART OF A CONSCIOUS EFFORT TO DE-POLITICIZE THE ILO.

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, DIPLOMATIC DISCUSSIONS, ECONOMIC PROGRAMS, TAX REFORMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976MADRID00027  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760002-0782  
**From:** MADRID  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760186/aaaacynn.tel  
**Line Count:** 92  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 10 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <10 MAY 2004 by ellisoob>; APPROVED <12 MAY 2004 by morefirh>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CALL ON UNDERSECRETARY OF LABOR  
**TAGS:** PINT, ELAB, SP, US, (CHOZAS BERMUDEZ, ANTONIO)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006